

REPORT OF THE BOARD OF SELECTMEN

The past year has been one of loss, change and progress.

The Loss of Friends and Colleagues

We continue to mourn the deaths of two friends and dedicated public servants. Richard “Robbie” Robinson (to whom this Annual Report is dedicated) passed away at the height of the “Mothers Day Storm” on May 14, 2006 and our Tax Collector Margaret “Peggy” Neves (to whom last year’s Annual Report was dedicated) died on December 5, 2006. We miss them and their selfless contributions to the Town.

Changes in Key Town Government Positions

The year has also seen significant changes in our Town Officials. Delores Chase, who has served so faithfully and ably as our Town Clerk for the past 34 years announced, her retirement effective March 14, 2007. Mike Pardue, our “interim” Town Administrator has announced that, after five productive years on the job, he will be leaving us to take another position in Kennebunk Maine, effective on February 2, 2007. Our Treasurer for the past 12 years, Shirley Fuller, has also announced that she will not seek reelection. We thank all of them for their years of faithful service to North Hampton and wish them all well.

Changes in Governmental Structure and Staffing

As a result of the vote at last year’s annual meeting, the positions of Town Clerk and Tax Collector have been combined. As of March 2007, there will be a single position of Town Clerk/Tax Collector and an elected individual this March, will be assisted by a Deputy Town Clerk/Tax Collector and an Administrative Assistant. This consolidation of two positions will result in a savings of approximately \$54,910 annually to the Town.

The death of Peggy Neves left vacant the office of Tax Collector. In the absence of a Deputy (who had recently resigned) during the height of the Tax season, the Board of Selectmen (“BOS”) immediately appointed a replacement. On December 7th, the BOS appointed the current Deputy Clerk, Susan Buchanan, to also serve as Tax Collector. We thank Susan for her willingness to step in and accept the additional responsibilities associated with this position. Susan will continue to serve in both capacities until the March 2007 election when the new office of Town Clerk/Tax Collector will be filled by election.

The BOS is currently discussing the vacancy created by the resignation of our Town Administrator. Due to the complex nature of the job responsibilities for this position, we are actively seeking an interim replacement with Town Administrative experience until a Town Administrator is hired. We will keep you posted on our progress.

In this regard, the BOS is proposing a warrant Article this year for the creation of the position of full time Town Administrator. Mike Pardue has served as “part time” Administrator for the past five years and it has become clear to us that the increasing

complexities and demands of the job can not be properly addressed on a part time basis. All three Selectmen have careers and are continually making adjustments to their schedules to meet the demands of the increased workload. If proactive management is to become a reality in our Town, we must have a full time Administrator whose only work commitment is to our Town. The BOS and Budget Committee unanimously support the creation of this new position. We urge you to vote in favor of warrant Article number 22.

Finally, our Town Librarian, Pam Schwotzer, recently announced her retirement after 18 years of service. The Library Trustees have appointed a search committee to assist them in filling this position. In the Interim, the Trustees have appointed Assistant Director, Lorreen Keating to serve as Acting Director until a Director is appointed.

Significant Progress Has Been Made on Many Fronts

A New Home for the Highway Department: We believe we have finally located a suitable parcel of land for the construction of a much needed Highway Garage and Salt Shed. We have signed agreement with the owner of the Hampton Airport (Pea Patch Properties, LLC) to exchange a parcel of Town owned land located at Cedar Road for a parcel of land located on both sides of the access road leading from Lafayette Road to the Airport. The new parcel is located entirely within the IBR Zone and does not abut any residences or residential areas; it is serviced by water and electrical utilities, is level and will require minimum site preparation; and we are confident that suitable, thirty-year-life buildings can be constructed there at a reasonable cost.

The Exchange Agreement must, by law, be subject to the process established by RSA 41:14-a. The BOS has already held the necessary public hearings required by RSA 41:14-a, and Bond hearings required by RSA 33:8-a. All that remains is for the voters to approve Warrant Article 6 in March 2007 (which seeks authorization for a bond of no more than \$750,000 to perform the necessary site work and construction of a 65' by 100' Highway Garage and a 60' by 60' Salt shed). We intend to bond this project and a three fifths vote is required.

Based on today's interest rates, the estimated additional tax burden of a bond would range from approximately five to six cents per thousand for a 20, 25 or 30 year bond. We will not know the precise impact until we borrow the funds and decide on a term of years. But, as you can see, the tax impact will be quite small. Once we get approval from the voters we will negotiate the most favorable terms for the bond. We urge your favorable vote on this long delayed and vitally important project.

Planning for the Maintenance and Construction of our Municipal Buildings:

Last year the voters approved two warrant articles sponsored by the BOS. One article established and funded a Capital Reserve Building Fund and the other established and funded a Capital Reserve Building Maintenance Fund. Currently, there is a balance of \$150,000 in the Building Fund and \$51,896 in the Maintenance fund. This year there are two warrant articles proposed by the BOS which would place an additional \$100,000 in each fund. We urge your support of these two Warrant Articles (Numbers 19 and 20).

It is imperative that our buildings be properly maintained, particularly the Old Town Hall which has been sadly neglected for too many years. To ensure proactive management of this fund, a formal Building Maintenance Schedule was developed to ensure that maintenance is routinely performed before serious structural problems occur. The BOS has also appointed an Old Town Hall Building Committee to study the condition of that structure and make recommendations to the BOS for the scheduling and performance of repairs and upgrades to that treasured Town property. It is also imperative that we engage in sound planning for the future expansion (or new construction) of other Town buildings (Police, Fire, and Library). To this end the BOS has recently authorized a comprehensive study of management operations, staffing and equipment needs of our Police and Fire Departments. This study is to be funded by funds already available in the Capital Reserve Building Fund. Our goal is to ascertain the appropriate current and future staffing sizes and equipment needs of the Police and Fire Departments. Only then can we begin to make informed decisions about future space and equipment requirements.

Improved Cemetery Facilities: Last year, the voters authorized the expenditure of \$52,000 for the improvement of an existing building and the construction of a new building which includes an office at the Center Cemetery. Construction is well underway and the new building will be completed within budget and ready for use by this spring.

Public Safety Issues: This year we completed the second phase of the previously authorized purchase of self contained breathing apparatus for our Fire Department which replaced aged equipment and ensures that all of our firefighters are equipped with and trained in the use of state of the art breathing equipment for fighting fires and dealing with hazardous material situations.

Due to a change in the NH Patient Care Protocols, we have included in our budget for the coming year funds for Paramedic training. While we have a number of Emergency Medical Technicians trained to the intermediate level, we do not have Paramedics on the Fire Department staff. Under the new protocols, as approved by the Medical Control Board, EMT- Intermediates will no longer be permitted to perform certain types of emergency medical procedures (for example, intubations) with the result that certain procedures performed by our EMTs will no longer be authorized. When this change was brought to our attention, we believed that the emergency health concerns of our citizens required that we begin immediately the process of upgrading our EMT personnel to Paramedic status.

A generous gift by Joanne Lamprey of \$22,347.00 has enabled us to plan for the installation of the valuable and potentially life saving “SPOTS” equipment in our Police Department patrol cars. This SPOTS system allows patrol officers to obtain immediate information from a national criminal data base about stolen vehicles, drivers whose licenses are suspended, persons who may be wanted across the country, and most importantly, individuals who may be dangerous to the officer or the general public. This invaluable information will be accessible through a lap top computer that is wirelessly connected to the State and National systems. Following a testing phase in January of

2007, Joanne Lamprey's donation will be used to purchase the hardware and software required to connect our patrol cars to this system. We are grateful to Joanne for her concern for the safety of our police officers and for her public spirited generosity.

Congratulations are due to Joshua Stokel who recently was appointed to the rank of Police Department Sergeant, filling a vacancy created when one of our two Sergeants left the force. Congratulations are also due to Peter Cormier who was elevated to the position of Detective, the position previously held by Sergeant Stokel. We are pleased that these two fine officers are members of North Hampton's Police Department and also note with pleasure that Chief Page reports that several other members of the force passed the Sergeant's exam and were qualified to be promoted. This is a tribute to Chief Page and Lieutenant Scippa for ensuring that our Police Officers are constantly undergoing training which qualifies them to provide superior law enforcement services to our Town.

The emergency generator authorized by the voters last March has now been installed (and successfully tested) at the North Hampton School, our Town's emergency shelter. This generator will enable all of the school's electrical needs to be met in case of a power outage. More importantly, it will ensure that in the event of a natural disaster, the school will be lighted, heated and capable of feeding residents who are forced to evacuate their homes.

Finally, we congratulate again our Fire, Police and Highway Personnel who responded so promptly and efficiently to the flooding and damage occasioned by the May rain storms and by the August 2nd "microburst" which caused such catastrophic tree damage. Our personnel worked around the clock in clearing roads, directing traffic, notifying residents of road closures and assisting with the many water problems encountered by our residents. We commend them for their professionalism and a job well done.

Water Issues: As you may know, the special warrant article which would have authorized a feasibility study of the possible purchase of Aquarion Water Company was defeated at the Polls on December 19. The Selectmen will take no further action on a possible purchase of the water company. However, we pledge to pursue a constructive dialogue with Aquarion in an attempt to address what we continue to believe are serious shortcomings in the water services (and fee structures for those services) provided to the Town. In this regard we will continue to work closely with our Water Commissioners who have devoted countless hours to representing the Town before the State Department of Public Utilities and on related water issues. They deserve our congratulations, support and thanks for their generous and selfless volunteer efforts.

Community Television Station: Our Community Cable Station (Channel 22) is up and running. Albeit the kinks are still being worked out of the system and your comments and suggestions are solicited. This is a direct result of your vote last year authorizing the expenditure of cable franchise fees paid to the Town to be used for Community Television purposes. Our thanks to the Cable Television Committee (John Simmons, Chair, Laurel Pohl, Vice Chair, Henry Marsh, , Brad Gregg, Bob Landman, Charlie

Brindamore, Peter Sweet, and David Sarazen for this significant advance which will enable our citizens to be better informed about Town affairs and the activities of Town Government. We urge you to support this year's cable television warrant article (Article number 13) which once again would authorize placing \$38,776.33 of cable franchise fees into the special Cable Television Capital Reserve Fund for ongoing development of our community television capability, including the televising of Town meetings.

Financial Status and Tax Rate

The Town is in sound financial condition. Our current undesignated fund balance is \$1,962,741 which is within the range of \$1,295,489 to \$2,752,914 recommended for North Hampton by the NH Department of Revenue. When we set the tax rate in November, we applied \$377,000 from the undesignated Fund Balance to stabilize the Town portion of the tax rate. The increase in the overall tax rate (which includes County and school taxes) was held to a 2.5% increase. North Hampton continues to rank in the last quartile in terms of total tax burden - which means that three quarters of the municipalities in New Hampshire have higher tax burdens.

As we have in the past, we continue to do all in our power to control spending and thereby minimize tax increases. To that end, the Town Budget which we submitted to the Budget Committee in the fall shows only a modest increase in spending of approximately four percent. We were able to do this in spite of being required to include:

- an additional \$80,000 in anticipation of the State mandated revaluation which must be conducted in 2008;
- a fifty percent increase in our legal budget to defend three current lawsuits; one by a resident who claims the Town is responsible for flood damage to his home; one against the Planning Board growing out of its approval of the establishment of a back lot); and one by a resident claiming physical injuries incurred during an arrest.
- An 18% increase for state mandated contributions to our employees' retirement system.

Our proposed warrant article spending this year would raise \$468,130 by taxation, transfer \$200,000 from the undesignated fund balance and raise \$750,000 by issuing bonds for the Highway Complex. This compares favorably with last year's warrant articles which raised \$539,200 by taxation and \$250,000 transferred from the fund balance. While it is difficult to impossible to accurately predict next year's tax rate, it is our belief, and intention that Town spending for fiscal year 2007-08 will not result in a significant increase in the Town portion of the overall tax rate.

Looking to the Future

Our Town continually faces change and challenges. As noted above, voters will elect an individual to the newly created position of Clerk/Tax Collector. Depending on the outcome of the vote on Warrant Article 22, the BOS will need to fill the position of a full or part time Town Administrator. In the near future, we anticipate that we will be facing department head retirements in our Fire, and Police departments. Additionally, retirement is imminent for our Road Agent, Bob Strout who has served with distinction for 22 years.

Further, the current Police, Fire and Highway Department Collective Bargaining Agreements will shortly expire and must be renegotiated over the next several years. Additionally, we will soon start to formulate plans to recommend needed expansion of our municipal facilities which will serve us for decades to come.

As you have read, 2006 was a busy and productive year. We begin 2007 with a “full plate” of Town management issues. As we continue to move forward, we pledge to continue to strive for sound planning, prudent fiscal management and openness in government.

Respectfully Submitted,
North Hampton Board of Selectmen
Emily Creighton, Chairwoman
Donald B. Gould
Henry Marsh